The Annual Communication of the President to Congress.

MANY IMPORTANT RECOMMENDATIONS

Outlines Our Policy in China-Ap proves of Ship Subsidy-Proposes Legislation for the Philippines and Asks Ratification of Hay-Pauncefote Treaty.

Washington, Dec. 4 .- The following is a comprehensive synopsis of the presdent's annual message to congress: The president gives first place in his message to the troubles in China, and our connection with the allied forces operating there. He reviews the causes leading up to the Boxer outbreak, and the first murders of foreigners in Chinese territories. In this connection he

anys:
The increasing gravity of the conditions in China and the imminence of peril to our ewn diversified interests in the empire, as well as to those of all the other treaty governmentated by this well as to those of all the other treaty governments, were soon appreciated by this government, causing it profound solicitude. The United States from the earliest days of foreign intercourse with China had followed a policy of peace, omitting no occasions to testify good will, to further the extension of lawful trade, to respect the sovereignty of its government, and to insure by all legitimate and kindly but earnest means the fullest measure of protection for the lives and property of our lawabiding citizens and for the exercise of their beneficent callings among the Chinese their beneficent callings among the Chinese

Mindful of this, it was felt to be appropriate that our purposes should be pronounced in favor of such course as would basten united action of the powers at Peking to promote the administrative reforms so greatly needed for strengthening the imperial government and maintaining the integrity of China, in which we believed the whole western world to be allke concerned. To these ends I caused to be addressed to the several powers occupying territory and maintaining spheres of influence in China the circular proposals of 1899, inviting from them declarations of their intentions and views as to the desirability of the adoption of measures insuring the benefits of equality of treatment of all foreign trade throughout China.

Proposals Well Received. Mindful of this, it was felt to be appro-

Proposals Well Received. With gratifying unanimity the re-sponses coincide in this common policy, enabling me to see in the successful ter-mination of these negotiations proof of the friendly spirit which animates the various powers interested in the un-trammeled development of commerce and industry in the Chinese empire as a source of vast benefit to the whole com-mercial world.

rcial world. this conclusion, which I had the grat In this conclusion, which I had the gratfication to announce as a completed engagement to the interested powers on
farch20, 1290, I hope was fully discerned a
potential factorfor the abatement of the
distrust of foreign purposes which for a
year past had appeared to inspire the
policy of the imperial government, and
for the effective exertion by it of power
and authority to quell the critical antiforeign movement in the northern provinces most immediately influenced by the
Manchu sentiment.

eign movement in the season of the est most immediately influenced by the mohu sentiment. The eeking to testify confidence in the lilingness and ability of the imperial ministration to redress the wrongs and event the evils we suffered and feared, as marine guard, which had been sent Peking in the autumn of 1899 for the rotection of the legation, was withdrawn to the earliest practicable moment, and it pending questions were remitted, as ar as we were concerned, to the ordinary resorts of diplomatic intercourse.

Vigor of the Siege.

The history of the efforts made at resources in Pe

Vigor of the Siege.

The history of the efforts made at relieving the beleaguered legationers in Peking is thoroughly covered; no important detail is lacking, and every engagement with the Chinese forces is mentioned, whether our forces were engaged or not. To show the vigor with which the slege of the legations was pushed by the Chinese he quotes reports from Minister Conger, as follows:

"From June 20 until July 17," writes Minister Conger, "there was scarcely an bour during which there was not firing upon some part of our lines and into some of the legations, varying from a single shot to a general and continuous attack along the whole line." Artillery was placed around the legations and on the overlooking palace walls, and thousands of three-inch shells were fired, destroying some buildings and damaging all. So thickly did the balls rain that, when the ammunition of the besieged ran low, five quarts of Chinese bullets were gathered in an hour in one compound and recast.

Attempts were made to burn the legations some services are to the process.

and recast.

Attempts were made to burn the legations by setting neighboring houses on fire, but the flames were successfully fought off, although the Austrian, Beigian, Italian and Dutch legations were then and subsequently burned. With the aid of the native converts, directed by the missionaries, to whose helpful cooperation Mr. Conger awards unstinted praise, the British legation was made a veritable fortress. The British minister, Bir Claude Macdonald, was chosen general commander of the defense, with the accretary of the American legation, Mr. E. G. Squiers, as chief of staff.

Defense of the Legationers.

Defense of the Legationers. To save life and ammunition the be-sieged sparingly returned the incessant fire of the Chinese soldiery, fighting only to repel attack or make an occasional sucrepel attack or make an occasional succeasful sortie for strategic advantage, such
as that of 55 Americans, British and Russian marines led by Capt. Myers, of the
United States marine corps, which resulted in the capture of a formidable barricade
on the wall that gravely menaced the
American position. It was held to the last,
and proved an invaluable acquisition, because commanding the water gate through
which the relief column entered.

During the siege the defenders lost 65
filled, 125 wounded and seven by disease—
the last all children.

On July 14 the besieged had their first
communication with the tsung-li-yamen.

communication with the tsung-li-yamen from whom a message came inviting to a sonference, which was declined. Correspondence, however, ensued and a sort of armistice was agreed upon, which stopped the bombardment and lessened the rifle fire for a time. Even then no protection what ever was afforded, nor any aid given, save to send to the legations a small supply of fruit and three sacks of flour.

Duplicity of Chinese Government.

Indeed, the only communication had with the Chinese government related to the occasional delivery or dispatch of a telegram or to the demands of the isung-il-yamen for the withdrawal of the legation to the coast under escort. Not only are the protestations of the Chinese government that it protected and succored the legations positively contradicted, but Irresistible proof accumulates that the attacks upon them were made by imperial troops, regularly uniformed, armed and officered, beconging to the command of Jung Lu, the imperial commander in chief. Decrees encouraging the Boxers, organizing them under prominent imperial officers, provisioning them, and even granting them large gums in the name of the empress dowager, are known to exist. Members of the tsung-li-yamen who counseled protection of the foreigners were beheaded. Even in the distant provinces men suspected of foreign sympathy were put to death, prominent among these being Chang Yen-Hoon, formerly Chinese minister in Washington. With the negotiation of the partial armstice of July 14, a proceeding which was doubtless promoted by the representations of the Chinese envoy in Washington, the way was opened for the conveyance to Mr. Conger of a test message sent by the sectary of state through the kind offices of Minister Wu Ting-Fang. Mr. Conger's religious that the inputes of the legations were still alive and hoping for succor.

Preparations for Relief. Duplicity of Chinese Government.

Preparations for Relief. All the preparations for Relief.

All the preparations for relief by the combined powers are gone into, and when that object was finally accomplished on August 14 the conditions met with in Peling are described as follows:

The imperial family and the government had field a few days before. The city was without visible control. The remaining imperial soldiery had made on the night of the 12th a last attempt to asterminate the besieged, which was gal-

M'KINLEY'S MESSAGE | lantly repelled. It fell to the occupying forces to restore order and organise a provisional administration.

Our Chinese Policy. He recalls the circular note to the powers issued by this government on July 3, outlining our policy as one of peace, guaranteeing the integrity of China, and

ays:
As was then said, "the policy of the government of the United States is to seek a solution which may bring about permanent safety and peace to China, preserve Chinese territorial and administrative entity, protect all rights guaranteed to friendly powers by treaty and international law, and safeguard for the world the principle of equal and impartial trade with all parts of the Chinese empire."

tial trade with all parts of the Chinese empire."
Faithful to those professions which, as it proved, reflected the views and purposes of the other cooperating governments, all our efforts have been directed toward ending the anomalous situation in China by negotiations for a settlement at the earliest possible moment. As soon as the sacred duty of relieving our legation and its dependents was accomplished we withdrew from active hostilities, leaving our legation under an adequate guard in Peking as a channel of negotiation and settlement—a course adopted by others of the interested powers. Overtures of the empowered representatives of the Chinese emperor have been considerately entertained.

Accepted Russia's Proposition.

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The Russian proposition looking to the restoration of the imperial power in Peking has been accepted as in full consonance with our own desires, for we have held and hold that effective reparation for wrongs suffered and an enduring settle ment that will make their recurrence im possible can best be brought about un-der an authority which the Chinese nation reverences and obeys. While so doing we forego no jot of our undoubted right to forego no jot of our undoubted right to exact exemplary and deterrent punishment of the responsible authors and abettors of the criminal acts whereby we and other nations have suffered grievous injury.

For the real culprits, the evil counselors who have misled the imperial judgment and diverted the sovereign authority to their own guilty ends, full explation becomes imperative within the rational limits of imperative within the rational limits of retributive justice. Regarding this as the initial condition of an acceptable settle-ment between China and the powers, I said in my message of October is to the Chi-

in my message of October is to the Chinese emperor:

"I trust that negotiations may begin so soon as we and the other offended governments shall be effectively satisfied of your majesty's ability and power to treat with just sternness the principal offenders, who are doubly culpable, not alone toward the foreigners, but toward your majesty, under whose rule the purpose of China to dwell in concord with the world had hitherto found expression in the welcome and erto found expression in the welcome and protection assured to strangers.

The Pence Negotiations.

The Peace Negotiations.

Taking, as a point of departure, the imperial edict appointing Earl Li Hung Chang and Prince Ching pienipotentiaries to arrange a settlement, and the edict of September 25, whereby certain high officials were designated for punishment, this government has moved, in concert with the other powers, toward the opening of negotiations, which Mr. Conger, assisted by Mr. Rockhili, has been authorized to conduct on behalf of the United Staes.

General bases of negotiation formulated by the government of the French republic have been accepted with certain reservations as to details, made necessary by our own circumstances, but, like similar reservations by other powers, open to discussion in the progress of the negotiations. The disposition of the emperor's government to admit liability for wrongs done to foreign governments and their nationals, and to act upon such additional designation of the guilty persons as the foreign ministers at Peking may be in a position to make, gives hope of a complete settlement of all questions involved, assuring foreign rights of residence and intercourse on terms of equality for all the world.

Foundation of Durable Peace.

Foundation of Durable Peace.

I regard as one of the essential factors of a durable adjustment the securement of adequate guarantees for liberty of faith, since insecurity of those natives who may since insecurity of those natives who may embrace alien creeds is a scarcely less ef-fectual assault upon the rights of foreign worship and teaching than would be the direct invasion thereof.

The matter of indemnity for our wronged

The matter of indemnity for our wronged clitzens is a question of grave concern. Measured in money alone, a sufficient reparation may prove to be beyond the ability of China to meet. All the powers concur in emphatic disclaimers of any purpose of aggrandizement through the dismemberment of the empire. I am disposed to think that due compensation may be made in part by increased guarantees of security for foreign rights and immunities, and, most important of all, by the opening of China to the equal commerce of all the world. These views have been and will be earnestly advocated by our representatives.

will be earnestly advocated by our representatives.

The government of Russia has put forward a suggestion that in the event of protracted divergence of views in regard to indemnities the matter may be relegated to the court of arbitration at The Hague. I favorably incline to this, believing that high tribunal could not fail to reach a solution no less conductive to the stability and tion no less conducive to the stability and enlarged prosperity of China itself than immediately beneficial to the powers.

First Place at Paris.

immediately beneficial to the powers.

First Place at Paris.

Our relations with other countries are gone into in detail. The Paris exposition is referred to as offering an opportunity for a display of the good will existing between this country and France. He notes that there were many drawbacks to a proper exhibition of American products, but says:

Despite all these drawbacks the contribution of the United States was not only the largest foreign display, but was among the earliest in place and the most orderly in arrangement. Our exhibits were shown in 161 out of 121 classes, and more completely covered the entire classification than those of any other nation. In total number they rank next after those of France, and the attractive form in which they were presented secured general attention.

A criterion of the extent and success of our participation and of the thoroughness with which our exhibits were organized is seen in the awards granted to American exhibitors by the international jury, namely, grand prizes, 240; gold medals, 597; silver medals, 776; bronze medals, 541, and honorable mentions, 322–246; in all, being the greatest total number given to the exhibition of any one exhibiting nation, as well as the largest number in each grade. This significant recognition of merit in competition with the chosen exhibits of all other nations and at the hands of juries almost wholly made up of representatives of France and other competing countries is not only most gratifying, but is especially valuable, since it sets us to the front in international questions of supply and demand, while the large proportion of awards in the classes of art and artistic manufactures afforded unexpected proof of the stimulation of national culture by the prosperity that flows from national productiveness joined to industrial excellence.

Apart from the exposition several occasions for showing international good will

ellence.
Apart from the exposition several occa-Apart from the exposition several occasions for showing international good will occurred. The inauguration in Paris of the Lafayette monument, presented by the school children of the United States, and the designing of a commemorative coin by our mint and the presentation of the first piece struck to the president of the republic, were marked by appropriate ceremonies.

te ceremonies.
Relations with Germany. Relations with Germany.

Of our relations with Germany the president says good will prevails. He advises congress that the question of the admission of our life insurance companies to do business in that country has been reached and the companies admitted. Of the meat inspection law of Germany he says:

reached and the companies admitted. Of the meat inspection law of Germany he says:

An imperial meat inspection law has been enacted for Germany. While it may simplify the inspection, it prohibits certain products heretofore admitted. There is still great uncertainty as to whether our well-nigh extinguished German trade in meat products can revive under its new burdens. Much will depend upon regulations not yet promulgated, which we confidently hope will be free from the discriminations which attended the enforcement of the old statutes.

The settlement of the Samoan problem, to which I adverted in my last message, has accomplished good results. Peace and contentment prevail in the islands, especially in Tutulla, where a convenient administration that has won the confidence and esteem of the kindly disposed natives has been organized under the direction of the commander of the United States naval station at Pago-Pago.

The Alaskan Boundary.

In connection with our relations with England he refers to the partial settle-ment of the Alaskan boundary dispute

and urges such action as shall defi-nitely settle this vexing question by say-

ing: In this relation I may refer again to the In this relation I may refer again to the need of definitely marking the Alaskan boundary where it follows the one hundred and forty-first meridian. A convention to that end has been before the senate for some two years, but as no action has been taken I contemplate negotiating a new convention for a joint determination of the meridian by telegraphic observations. These, it is believed, will give more securate and unquestionable results than the sidereal methods heretofore independently followed, which, as is known, proved discrepant at several points on the line, although not varying at any place more than 700 feet.

The War in South Africa.

A review of the incidents connected

A review of the incidents connected with our shipping to South African points is given, and he says that in this connection vexatious questions arose through Great Britain's action in respect to neutral cargoes, not contraband in their own nature, shipped to Fortuguese South Africa, on the score of probable or suspected ultimate destination to the Boer states.

Of the final settlement of this question he says:

states.

Of the final settlement of this question he says:
Such consignments in British ships, by which alone direct trade is kept up between our ports and Southern Africa, were seized in application of a municipal law prohibiting British vessels from trading with the enemy without regard to any contraband character of the goods, while cargoes shipped to Delagoa Bay in neutral bottoms were arrested on the ground of alleged destination to enemy's country. Appropriate representations on our part resulted in the British government agreeing to purchase outright all such goods shown to be actual property of American citizens, thus closing the incident to the satisfaction of the immediately interested parties, although, unfortunately, without a broad settlement of the question of a neutral's right to send goods not contraband per se to a neutral port adjacent to a beligerent area.

Relations with Italy.

contraband per se to a neutral port adjacent to a belligerent area.

Relations with Italy.

The lynching of the Italians in Louisiana is the one question standing between this government and Italy. That country is still waiting for the punishment of the parties guilty of that crime. The president says that successive grand juries have failed to find indictments, and says:

Setting the principle at issue high above all consideration of merely pecuniary indemnification, such as this government made in the three previous cases, Italy has solemnly invoked the pledges of existing treaty and asked that the justice to which she is entitled shall be meted in regard to her unfertunate countrymen in our territory with the same full measure she herself would give to any American were his reciprocal treaty rights contemned.

I renew the urgent recommendations I

ican were his reciprocal treaty rights contemmed.

I renew the urgent recommendations I
made last year that the congress appropriately confer upon the federal courts
jurisdiction in this class of international
cases where the ultimate responsibility of
the federal government may be involved,
and I invite action upon the bills to accompilsh this which were introduced in the
senate and house. It is incumbent upon us
to remedy the statutory omission which
has led, and may again lead, to such untoward results. I have pointed out the
necessity and the precedent for legislation
of this character. Its enactment is a simple measure of previsory justice toward the
nations with which we as a sovereign equal
make treaties requiring reciprocal observance.

While the Italian government naturally

make treaties requiring reciprocal observance.

While the Italian government naturally regards such action as the primary, and, indeed, the most essential element in the disposal of the Tallulah incident, I advise that, in accordance with precedent, and in view of the improbability of that particular case being reached by the bill now pending, congress make gracious provision for indemnity to the Italian sufferers in the same form and proportion as herefore.

Lynching.

Lynching.

Lynching.

In my inaugural address I referred to the general subject of lynching in these words:

"Lynching must not be tolerated in a great and civilized country like the United States; courts, not mobs, must execute the penalties of the law. The preservation of public order, the right of discussion, the integrity of courts, and the orderly administration of justice must continue forever the rock of safety upon which our government securely rests."

This I most urgently reiterate, and again invite the attention of my countrymen to this reproach upon our civilization.

Ratification of Hague Convention.

The ratification of The Hague peace convention is referred to as follows:

It is with satisfaction that I am able to announce the formal notification at The Hague, on September 4, of the deposit of ratifications of the convention for the pacific settlement of international disputes by 16 powers, namely: the United States, Austria, Belgium, Denmark, England, France, Germany, Italy, Persia, Portugal, Roumania, Russia, Siam, Spain, Sweden and Norway, and the Netherlands. Japan also The Nicarauguan Canal.

has since ratified the convention.

The Nicarauguan Canal.

He advocates the speedy building of the Nicaraguan canal, and recommends the ratification of the Hay-Pauncefote treaty. On this subject he says:

The all-important matter of an interoceanic canal has assumed a new phase. Adhering to its refusal to reopen the question of the forfeiture of the contract of the Maritime Canal company, which was terminated for alleged non-execution in October, 1859, the government of Nicaragua has since supplemented that action by declaring the so-styled Eyre-Cramin option void for nonpayment of its stipulated advance. Protests in relation to these acts have been filed in the state department and are under consideration. Deeming itself relieved from existing engagements, the Nicaraguan government shows a disposition to deal freely with the canal question either in the way of negotiations with the United States or by taking measures to promote the waterway. Overtures for a convention to effect the building of a canal under the auspices of the United States are under consideration. In the meantime the views of the congress upon the general subject, in the light of the report of the commission appointed to examine the comparative merits of the various trans-isthmian ship-canal projects, may be awaited.

I commend to the early attention of such a canal and to remove any objection which might arise out of the convention commonly called the Clayton-Bullwer treaty.

New Treaty with Spain.

monly called the Clayton-Bulwer treaty.

New Treaty with Spain.

Of our relations with Spain he says a new convention of extradition is approaching completion and trusts that a commercial convention may follow. Of Spain's claim to a number of the islands in the Philippine group not covered by the Paris treaty he says:

By the terms of the treaty of peace the line bounding the ceded Philippine group in the southwest failed to include several small islands lying west of the Sulus, which have always been recognized as under Spanish control. The occupation of Sibutu and Cagayan Sulu by our naval forces elicited a claim on the part of Spain, the essential equity of which could not be gainsaid. In order to cure the defect of the treaty by removing all possible ground of future misunderstanding respecting the interpretation of its third article, I directed the negotiation of a supplementary treaty, which will be forthwith laid before the senate, whereby Spain quits all title and claim to the islands named, as well as to any and all islands belonging to the Philippine archipelago lying outside the lines ascribed in said third article, and agrees that all such islands shall be comprehended in the cession of the archipelago as fully as if they had been expressly included within those lines. In consideration of this cession the United States is to pay to Spain the sum of \$100,000. New Treaty with Spain. Still Waiting on the Sultan.

Still Waiting on the Saltan.

Of the claims against Turkey he says:
We await the fuifillment of the promise of the sultan to make reparation for the injuries suffered by American citizens in Armenia and elsewhere in the Turkish empire. His majesty's good disposition in this regard has been evinced by the issuance of an irade for rebuilding the American college at Harpoot.

Would Extend Reciprocity.

ourges the approval of the commer-conventions entered into between government and other powers as as possible that the agricultural and r industries of the country may profit eby. Continuing on this subject he

The policy of reciprocity so manifestly rests upon the principles of international equity and has been so repeatedly approved by the people of the United States.

that there ought to be no hesitation in either branch of the congress in giving to it full effect. Our Financial Showing.

Our Financial Showing.

The president points with much pride to the showing made by the treasury department and quotes exhaustively from the report of Secretary Gage. He shows the surplus for the year to b \$79.37,060.18, and estimates the surplus of the coming year ant \$30,000,000. He says the present condition of the treasury is one of undoubted strength. The available cash balance November 30 was \$139.303,794.50. Under the form of statement prior to the financial law of March 14 last this would have been included in the statement of available cash gold coin and builion held for the redemption of United States notes.

Further Financial Legislation.

Further Financial Legislation.

Further Financial Legislation.

He recommends further financial legislation in the following words:

It will be the duty as I am sure it will be the disposition of the congress to provide whatever further legislation is needed to insure the continued parity under all conditions between our two forms of metallic money, silver and gold.

Our surplus revenues have permitted the secretary of the treasury since the close of the fiscal year to call in the funded loan of 1851 continued at two per cent, in the sum of 25.384,590. To and including November 29, 23,458,100 of these bonds have been paid. This sum, together with the amount which may accrue from further redemptions under the call, will be applied to the sinking fund.

The law of March 14, 1909, provided for refunding into two per cent. 30-year bonds, payable, principal and interest, in gold coin of the present standard value, that portion of the public debt represented by the three-per-cent. bonds of 1908, the four-per-cents of 1900, of which there was outstanding at the date of said law \$333,149,-390. The holders of the old bonds presented them for exchange March 14 and November 30 to the amount of \$364,943,750. The net saving to the government on these transactions aggregates \$3,106,165.

Banking Facilities Extended.

The beneficial effect of the financial act of 1900, so far as it relates to the modifi-

Banking Facilities Extended.

The beneficial effect of the financial act of 1900, so far as it relates to the modification of the national banking act, is already apparent. The provision for the incorporation of national banks with a capital of not less than \$25,000 in places not exceeding \$3,000 inhabitants has resulted in the extension of banking facilities to many small communities hitherto unable to provide themselves with banking institutions under the national system. There were organized from the enactment of the law up to and including November 30, 369 national banks, of which 256 were with capital less than \$50,000 and 163 with capital of \$50,000 or more. It is worthy of mention that the greater number of banks being organized under the new law are in sections where the need of banking facilities has been most pronounced. Iowa stands first, with 30 banks of the smaller class, while Texas, Okiahoma, Indian territory and the middle and western sections of the country have also availed themselves largely of the privileges under the new law.

Our Foreign Trade.

Our foreign trade shows a remarkable record of commercial and industrial progress. The total of imports and exports for the first time in the history of the country exceeds \$2.000,000,000. The exports are greater than they have ever been before, the total for the fiscal year 1900 being \$1.294.483.082, an increase over 1839 of \$163,-600,752, over 1837 of \$3.43.485,526, and greater than 1836 by \$611.878.144.

The growth of manufactures in the United States is evidenced by the fact that exports of manufactured products largely exceed those of any previous year, their value for 1900 being \$433.851,756, against \$339,592,146 in 1839, an increase of 25 per cent.

Agricultural products were also export-Our Foreign Trade.

their value for 1900 being 1433,851,756, against \$339,552,146 in 1839, an increase of 25 per cent.

Agricultural products were also exported during 1900 in greater volume than in 1839, the total for the year being \$855,853,123, against \$734,776,142 in 1839.

The imports for the year amounted to \$359,941,184, an increase over 1839 of \$152,-782,695. This increase is largely in materials for manufacture, and is in response to the rapid development of manufacturing in the United States. While there was imported for use in manufacture in 1900 material to the value of \$79,788,972 in excess of 1839, it is reassuring to observe that there is a tendency toward decrease in the importation of articles manufactured ready for consumption, which in 1900 formed 15.17 per cent. of the total import, against 15.54 per cent. in 1839 and 21.09 per cent. in 1839.

The Internal Revenue Tax.

I recommend that the congress at its

The Internal Revenue Tax.

I recommend that the congress at its present session reduce the internal revenue taxes imposed to meet the expenses of the war with Spain in the sum of \$30.000,000. This reduction should be secured by the remission of those taxes which experience has shown to be the most burdensome to the industries of the people.

I specially urge that there be included in whatever reduction is made the legacy tax, bequests for public uses of a literary, educational or charitable character.

Recommends Ship Subaidy.

American vessels during the past three years have carried about nine per cent. of our exports and imports. Foreign ships should carry the least, not the greatest, part of American trade. The remarkable growth of our steel industries, the progress of shipbuilding for the domestic trade, and our steadily maintained expenditures for the navy have created an opportunity to place the United States in the first rank of commercial maritime powers.

Besides realizing a proper national aspiration this will mean the establishment and heaithy growth along all our coasts of a distinctive national industry, expanding the field for profitable employment of labor and capital. It will increase the transportation facilities and reduce freight charges on the vast volume of products brought from the interior to the seaboard for export, and will strengthen an arm Recommends Ship Subaldy.

for export, and will strengthen an arm of the national defense upon which the founders of the government and their successors have relied. The Trust Question.

The Trust Question.

The trust question receives the attention of the president, and he says:

"It is apparent that uniformity of legislation upon this subject in the several states is much to be desired. It is to be hoped that such uniformity, founded in a wise and just discrimination between what is injurious and what is useful and necessary in business operations, may be obtained, and that means may be found for the congress, within the limitations of its constitutional power, so to supplement an effective code of state legislation as to make a complete system of laws throughout the United States adequate to compel a general observance of the salutary rules to which I have referred.

"The whole question is so important and

to which I have referred.

"The whole question is so important and far-reaching that I am sure no part of it will be lightly considered, but every phase of it will have the studied deliberation of congress, resulting in wise and judicious action.

"Restraint upon such combinations as are injurious, and which are within federal jurisdiction, should be promptly applied by the congress."

The Philippines.

The Philippines.

The Philippines.

Considerable attention is given the subject of the Philippines, and in this connection the scope and work of the Philippine commission as outlined to the commissioners is fully outlined for the benefit of congress. Of the present conditions in the islands the president says:

In my last annual message I dwelt at some length upon the condition of affairs in the Philippines. While seeking to impress upon you that the grave responsibility of the future government of those islands rests with the congress of the United States, I abstained from recommending at that time a specific and final form of government for the territory actually held by the United States forces and in which, as long as insurrection continues, the military arm must necessarily be supreme. I stated my purpose, until the congress shall have made known the formal expression of its will, to use the authority vested in me by the constitution and the statutes to uphold the sovereignty of the United States in chose distant islands as in all other places where our flag rightfully floats, placing, to that end, at the disposal of the army and navy all the means which the liberality of the congress and the people have provided. No contrary expression of the will of the congress having been made, I have steadfastly pursued the purpose so declared, employing the civil arm as well toward the accomplishment of pacification and the institution of local governments within the lines of authority and law.

We Are Making Progress.

Progress in the hoped-for direction has

We Are Making Progress. Progress in the hoped-for direction has been favorable. Our forces have successfully controlled the greater part of the leiands, overcoming the organized forces of the insurgents and carrying order and administrative regularity to all quarters. What opposition remains is for the most part scattered, obeying no concerted plan of strategic action, operating only by the methods common to the traditions of guerrilla warfare, which, while ineffective to alter the general control now established, are still sufficient to beget insecurity among the populations that have felt the good results of our control, and thus delay the conferment upon them of the fullest measures of local self-government, of education, and of industrial and agricultural development which we stand ready to give to them.

ment which we stand ready to give to them.

By the spring of this year the effective opposition of the dissatisfied Tagais to the authority of the United States was virtually ended, thus opening the door for the extension of a stable administration over much of the territory of the archipelago. Desiring to bring this about, I appointed in March lest a civil commission composed of Hon. William H. Taft, of Ohio; Prof. Dean C. Worcester, of Michigan; Hon. Luke E. Wright, of Tennessee; Hon. Henry C. Ide, of Vermont, and Prof. Bernard Moses, of California. The aims of their mission and the scope of their authority are clearly set forth in my instructions of April 7, 1900, addressed to the secretary of war to be transmitted to them.

Principles Are Appreciated.

Principles Are Appreciated.

Referring to the manner in which the work of the commission upon the lines laid down in his instructions to them has been received by the people of the Philippines, the president says:

It is evident that the mest enlightened thought of the Philippine islands fully appreciates the importance of these principles and rules, and they will inevitably within a short time command universal assent. Upon every division and branch of the government of the Philippines, therefore, must be imposed three inviolable rules:

That no person shall be deprived of life,

of the government of the Philippines, therefore, must be imposed three inviolable rules:

That no person shall be deprived of life, liberty, or property without due process of law; that private property shall not be taken for public use without just compensation; that in all criminal prosecutions the accused shall enjoy the right to a speedy and public trial, to be informed of the nature and cause of the accusation, to be confronted with the witnesses against him, to have compulsory process for obtaining witnesses in his favor, and to have the assistance of counsel for his defense; that excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishment inflicted; that no person shall be put twice in jeopardy for the same offense, or be compelled in any criminal case to be a witness against himself; that the right to be secure against unreasonable searches and seizures shall not be violated; that neither slavery nor involuntary servitude shall exist except as a punishment for crime; that no bill of attainder or ex post facto law shall be passed that no law shall be passed abridging the freedom of speech or of the press, or the rights of the people to peaceably assemble and petition the government for a redress of grievances; that no law shall be made respecting an establishment of religion or prohibiting the free exercise thereof, and that the free exercise and enjoyment of religious profession and worship without discrimination or preference shall forever be allowed.

Encouraging Reports.

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Encouraging Reports.

Later reports from the commission show yet more encouraging advance toward insuring the benefits of liberty and good government to the Filipinos, in the interest of humanity and with the aim of building up an enduring, self-supporting and self-administering community in those far eastern seas. I would impress upon the congress that whatever legislation may be enacted in respect to the Philippine islands should be along these generous lines. The fortune of war has thrown upon this nation an unsought trust which should be unselfishly discharged, and devolved upon this government a moral as well as material responsibility toward these millions whom we have freed from an oppressive yoke.

"Wards of the Nation." "Wards of the Nation."

"Wards of the Nation."

I have upon another occasion called the Filipinos "the wards of the nation." Our obligation as guardian was not lightly assumed; it must not be otherwise than honestiy fulfilled, aiming first of all to benefit those who have come under our fostering care. It is our duty so to treat them that our flag may be no less beloved in the mountains of Luzon and the fertile zones of Mindanao and Negros than it is at home, that there as here it shall be the revered symbol of liberty, enlightenment and progress in every avenue of development.

The Filipinos are a race quick to learn and to profit by knowledge. He would be rash who, with the teachings of contemporaneous history in view, would fix a limit to the degree of culture and advancement yet within the reach of those people if our duty toward them be faithfully performed.

Porto Rico.

tion was held in the Island for member

tion was held in the island for members of the legislature, and the body elected has been called to convene on the first Monday of December.

I recommend that legislation be enacted by the congress conferring upon the secretary of the interior supervision over the public lands in Porto Rico, and that he be directed to ascertain the location and quantity of lands the title to which remained in the crown of Spain at the date of cession of Porto Rico to the United States, and that appropriations necessary for surveys be made, and that the methods of the disposition of such lands be prescribed by law.

Dealings with Cubs.

The present conditions in Cuba are re-

Dealings with Cubs.

The present conditions in Cuba are referred to, citing the call for the election of delegates to a constitutional convention and the meeting of the convention which is now in session, and closes this part of his message with the following: When the convention concludes its labor I will transmit to the congress the constitution as framed by the convention for its consideration and for such action as it may deem advisable.

The Army.

The Army. An increase in the regular army is recommended, and the need of soldiers shown. After saying that we need at least 28,000 troops at home to care for our expensive fortifications and ordnance,

our expensive fortineations and ordnance, be continues:
We have in Cuba between 5,000 and 6,000 troops. For the present our troops in that island cannot be withdrawn or materially diminished, and certainly not until the conclusion of the labors of the constitutional convention now in session and a government provided by the new constitution shall have been established and its stability assured.

ment provided by the new constitution shall have been established and its stability assured.

In Porto Rico we have reduced the garrisons to 1,635, which include 355 native troops. There is no room for further reduction here. We will be required to keep a considerable force in the Philippine islands for some time to come. From the best information obtainable we shall need there for the immediate future from 50,000 to 60,000 men. I am sure the number may be reduced as the insurgents shall come to acknowledge the authority of the United States, of which there are assuring indications.

It may be apparent that we will require an army of about 60,000, and that during present conditions in Cuba and the Philippines the president should have authority to increase the force to the present number of 100,000. Included in this number authority should be given to raise native troops in the Philippines up to 15,000, which the Taft commission believe will be more effective in detecting and suppressing guerrillas, assassins and Ladrones than our own soldiers.

The full discussion of this subject by the secretary of war in his annual report is called to your earnest attention.

The Postal Service,

The Postal Service.

Under a discussion of the postal service he urges an extension of the rural free delivery system and says:

This service ameliorates the isolation of farm life, conduces to good roads, and quickens and extends the dissemination of general information. Experience thus far has tended to allay the apprehension that it would be so expensive as to forbid its general adoption or make it a serious burden. Its actual application has shown that it increases postal receipts, and can be accompanied by reductions in other branches of the service, so that the augmented revenues and the accomplished savings together materially reduce the net cost. The evidences which point to these conclusions are presented in detail in the annual report of the postmaster general which with its recommendations is recommended to the consideration of the congress. The full development of this special service, however, requires such a large outlay of money that it should be undertaken only after a careful study and thorough understanding of all that it involves.

The recommendations of the secretary of the navy for more ships and an increase in the personnel of the navy are approved, as well as those of the establishment of a national naval reserve and suitable recognition for all officers who rendered distinguished service during the war with Spain.

Progress in Hawaii. Progress in Hawaii.

The progress and development of Hawaii is noted and attention called to the needs of the islands as follows:

In the territorial act of April 20, 1900, section 7 of said act repeals chapter 30 of the civil laws of Hawaii, whereby the government was to assist in encouraging and developing the agricultural resources of the republic, especially irrigation. The governor of Hawaii recommends legislation looking to the development of such water supply as may exist on the public lands, with a view of promoting land settlement. The earnest consideration of the congress is invited to this important recommendation and others, as embodied in the report of the secretary of the interior.

The Twelfth Census.

The Twelfth Census.

The work of taking the twelfth census is referred to as follows:

The director of the census states that the work in connection with the twelfth census is progressing favorably. This national undertaking, ordered by the congress each decade, has finally resulted in the collection of an aggregation of statistical facts to determine the industrial growth of the country, its manufacturing and mechanical resources, its richness in mines and forests, then unmber of its agriculturists, their farms and products, its educational and religious opportunities, as well as questions pertaining to sociological conditions. The Twelfth Census.

well as questions pertaining to sociological conditions.

The labors of the officials in charge of the bureau indicate that the law of March 3, 1899, requiring the completion of the four important and most desired subjects, namely, population, agricultural, manufacturing and vital statistics, will be completed within the prescribed limit.

Our Public Lands.

within the prescribed limit.

Our Public Lands.

The total area of public lands as given by the secretary of the interior is approximately 1,071,831,662 acres, of which 917,-935,899 acres are undisposed of, and 154,745,-782 acres have been reserved for various purposes. The public lands disposed of during the year amount to 13,453,887,96 acres, including 62,423,9 acres of Indian lands, an increase of 4,271,474,80 over the preceding year. The total receipts from the sale of public lands during the fiscal year were \$4,379,728,10, an increase of 41,309,-620,76 over the preceding year.

The results obtained from our forest policy have demonstrated its wisdom and the necessity in the interest of the public for its continuance and increased appropriations by the congress for the carrying on of the work. On June 30, 1900, there were 27 forest reserves, created by presidential proclamations under section 24 of the act of March 3, 1891, embracing an area of 4625,529 acres.

Pensions.

Pensions.

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Pensions.

At the end of the fiscal year there were on the pension roll 983,225 names, a net increase of 2,010 over the fiscal year 1899. The number added to the rolls during the year was 45,344. The amount disbursed for army pensions during the year was 424,700,567,24, and for navy pensions 3,761,533,46, a total of \$133,462,130.65, leaving an unexpended balance of \$5,542,768.25 to be covered into the treasury, which shows an increase over the previous year's expenditure of \$167,071.70. There were 684 names added to the rolls during the year by special acts passed at the first session of the Fifty-sixth congress. The act of May, 1900, among other things provided for an extension of income to widows pensioned under said act to \$250 per annum. The secretary of the interior believes that by the operations of this act the number of persons pensioned under it will increase and the increased annual payment for pensions will be between \$3,000,000 and \$1,000,000.

The government justiy appreciates the services of its soldiers and sailors by making pension payments liberal beyond precedent to them, their widows and orphans.

Agriculture.

assumed; it must not be otherwise than honestly fulfilled, aiming first of all to benefit those who have come under our fostering care. It is our duty so to treat them that our flag may be no less beloved in the mountains of Luzon and the fertile zones of Mindanao and Negros than it is at home, that there as here it shall be the revered symbol of liberty, enlightenment and progress in every avenue of development.

The Flipinos are a race quick to learn and to profit by knowledge. He would be rash who, with the teachings of contemporaneous history in view, would fix a limit to the degree of culture and advancement yet within the reach of those people if our duty toward them be faithfully performed.

Porto Rico.

The civil government of Porto Rico provided for by the act of the congress, provided for by the act of the congress, working intelligently and harmoniously, are meeting with commendable success.

On the 6th of November a general election was held in the Island for members of the legislature, and the body elected Agriculture.

Civil Service for Philippines.

That there may be secured the best serv-ice possible in the Philippine islands, I have issued, under date of November 10, 1900, the

ice possible in the Philippine Islands, I have issued under date of November 10, 1900, the following order:

The United States civil service commission is directed to render such assistance as may be practicable to the civil service board, created under the act of the United States Philippine commission, for the establishment and maintenance of an honest and efficient civil service in the Philippine islands, and for that purpose to conduct examinations for the civil service of the Philippine islands, upon the request of the Philippine islands, upon the request of the civil service board of said Islands, under such regulations as may be agreed upon by the said board and the said United States civil service commission.

The civil service commission is greatly embarrassed in its work for want of an adequate permanent force for clerical and other assistance. Its needs are fully set forth in its report. I invite attention to the report, and especially urge upon the congress that this important bureau of the public service, which passes upon the qualifications and character of so large a number of the officers and employes of the government, should be supported by all needed appropriations to secure promptness and efficiency.

Washington Celebration.

Washington Celebration

Washington Celebration.

The transfer of the government to this city is a fact of great historical interest. Among the people there is a feeling of genuine pride in the capital of the republic.

It is a matter of interest in this connection that in 1890 the population of the District of Columbia was 14,693; to-day it is 278,718. The population of the city of Washington was then 3,210; to-day it is 118,198.

The congress having provided for "an appropriate national celebration of the centennial anniversary of the establishment of the seat of government in the District of Columbia," the committees authorized by it have prepared a programme for the 12th of December, 1909, which date has been selected as the anniversary day. Deep interest has been shown in the arrangements for the celebration by the members of the committees of the senate and house of representatives, the committee of governors appointed by the president, and the committees appointed by the citizens and inhabitants of the District of Columbia generally. The programme, in addition to a reception and other exercises at the executive mansion, provides commemorative exercises to be held jointly by the senate and house of representatives, and a reception in the evening at the Corcoran Gallery of Art in honor of the governors of the states and territories.

Conclusion.

Conclusion.

In our great prosperity we must guard against the danger it invites of an extravagance in government expenditures and appropriations; and the chosen representatives of the people will. I doubt not, furnish an example in their legislation of that wise economy which in a season of plenty husbands for the future. In this era of great business activity and opportunity caution is not untimely. It will not abate, but strengthen, confidence. It will not retard, but promote, legitimate industrial and commercial expansion. Our growing power brings with it temptations and perils requiring constant vigilance to avoid. It must not be used to invite conflicts, nor for oppression, but for the more effective maintenance of those principles of equality and justice upon which our institutions and happiness depend. Let us keep always in mind that the foundation of our government is liberty; its superstructure, peace.

WILLIAM M.KINLEY. Conclusion.

WILLIAM M'KINLEY. Executive Mansion, Dec. 4 1908.